

# **THE ANALYSIS OF BASE SECTOR AND DEVELOPMENT STRATEGY OF REGIONAL ECONOMIC POTENTIAL IN KEBUMEN REGENCY 2012-2016**

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## **ABSTRACT**

*This study aims to indentify base-sectors that can be developed in order to increase economic growth in Kebumen Regency. Data that used within this study are 2012-2016 secondary data acquired from BPS of Central Java province and Bantul Regency. In addition, the analysis approaches in this study is Location Quotient, Shift Share, MRP, Tipology Klassen, Overlay dan SWOT. Based on the analysis result, Kebumen Regency has 9 base-sectors which are Agriculture, Forestry and Fisheries, Mining and Excavation, Construction, Large and Retail Trade, Car and Motorcycle Repair, Transportation and Warehousing, Financial Services and Insurance, Administration of Government, Defense and Social Security, Educational Services, Health Services and Social Activities, and Other Services. In the other hand the Klassen Typology shows that Kebumen Regency categorized as lacking area in developing process.*

**Keyword:** *Gross Domestic Regional Product Kebumen Regency, Location Quotient (LQ), Shift Share, MRP, Klassen Typology*

## **A. RESEARCH BACKGROUND**

National development that progressing in Indonesia are also development in all aspect of life materially as well as spiritually to realize equitable and prosperous society based on pancasila within Negara Kesatuan Republik Indonesia (NKRI). The implementation of national development never apart from the contribution of local development, because local development is integration from national development that aims to improve standard of living and the prosperity of local society. (Musthoffa, 2009)

The process of the rate of economic growth of a region is shown by using the rate of increase of Gross Regional Domestic Product (GRDP), so

that the level of per capita GRDP growth achieved by the community is often a measure of success an area in achieving the ideals to create economic development. Potential areas that are managed and utilized optimally will have a positive impact on people's welfare and economic stability. In addition, another effect of good and optimal management is the equitable distribution of national income. The level of welfare of the area can be seen from the distribution of people's income.

The decentralization and regional autonomy policies provide opportunities for governments and local communities to develop independently. Economic potential and financial need to be extracted and processed, resulting in real output that has added value, sold and exported, which will ultimately lead to economic growth and improving the welfare of people in the area.

Kebumen Regency has enormous potential, so that in the management and utilization of resources must be optimal and good, so that will be followed by an increase economic growth as well. In this case, the need for a research to know the potential and identification of other economic sectors that have the potential to develop more to improve the regional economy Kebumen Regency, can also be made as a guide in formulating the planning and contribute in the implementation of development to increase economic growth in the era of autonomy area. So that economic development can be run in accordance with the main objective of improving the welfare of the community. Based on the background above, the authors wanted to study with the title "The Analysis of Base Sector and Development Strategy of Regional Economic Potential in Kebumen Regency 2012-2016".

## **B. RESEARCH QUESTION**

From the background of problems that have been described previously, the research questions in this study are:

1. What sectors have potential as a base sector, have competitive advantages and competitiveness in Kebumen Regency?
2. Which sectors can be used to spur development in Kebumen Regency?
3. How is the condition of Kebumen Regency Economy in 2012-2016 ?

## **C. RESEARCH OBJECTIVE**

Based on the background and the problem formulation above, the purpose of this study are as follows:

1. To know and analyze the sector that has the potential as a base sector, has a competitive advantage and has the competitiveness in Kebumen Regency.
2. To find out what sectors are very potential to spur development development in Kebumen Regency.
3. To find out economic condition of Kebumen Regency 2012-2016

## **D. RESEARCH BENEFIT**

1. For Local Government

Can be used as information and consideration for the government of Kebumen Regency in taking policy in planning the development of an area as well as the regional economy.

2. For the Community

Can be used as information about economic condition of Kebumen Regency and its development.

3. For Researcher

As a means of applying the accepted theories during college in the field.

## **E. THEORITICAL BASIS AND LITERATURE REVIEW**

### **1. Development and Economic Growth**

Economic development is generally defined as a process that causes the per capita income of a community's population to increase in the long run. There are three important elements in it, namely (1) economic development as a process means a continuous change in which it contains elements of its own strength for new investment; (2) efforts to increase per capita income; (3) the increase in per capita income must take place in the long run. But per capita income is not enough to be the focus of development strategies alone, and even lead to inequality, poverty, unemployment and inequality in distribution that is widely experienced by countries experiencing an increase in per capita income (Suryana, 2000).

While economic growth is interpreted as an increase in GDP / GNP regardless of whether the increase is greater or less than the level of population growth, or whether or not there is a change in economic structure. So, in general, development is always accompanied by growth, but growth is not necessarily accompanied by development (Suryana, 2000).

According to Arsyad (2010) states regional economic development is a process in which local governments and communities manage existing resources and form a pattern of partnership between local governments and the private sector to create new jobs and stimulate economic development (economic growth) in the region. Regional economic development is a process, namely a process that includes the formation of new institutions, development of alternative industries, improvement of the capacity of existing workforce to produce better

products and services, identification of new markets, transfer of knowledge, and development new companies (Arsyad, 2010).

Every regional economic development effort has the main objective to increase the number and type of employment opportunities for regional communities. In an effort to achieve this goal, the local government and its people must jointly take regional development initiatives. Therefore, the regional government and its community participation and by using available resources must be able to assess the potential resources needed to design and develop the regional economy. In general, the objective of the economic development strategy is to develop employment for the existing population, which means more to provide employment opportunities for the current population rather than attracting workers, achieving regional economic stability and developing economic bases and employment opportunities. Economic development will succeed if it is able to meet the needs of the business world such as land, financial resources, infrastructure and so on.

## 2. Regional Economic Growth

### a. Neo Classical Economic Theory

Neo Classical Economic Theory provides two basic concepts in regional economic development, namely equilibrium and production factor mobility. That is, the economic system will achieve a natural balance if capital can flow without restriction. Therefore, capital will flow from high-paid areas to low-wage areas. The classical believe that the economy is based on the power of the market mechanism will go to balance. In this case, production activities will automatically create purchasing power to buy the goods produced. In the balance position there is no excess or lack of demand. Imbalances (disequilibrium), such as greater supply of demand, lack of consumption, or unemployment, are classified by the classics as temporary. There will be a subtle hand

(invisiblehands) that will bring the economy back on the balance side.

b. Economic Base Theory

The theory of economic base states that the main determinant of economic growth of a region is directly related to the demand for goods and services from outside the region (Arsyad, 1999). The theory of this base is divided into two sectors namely the base sector and non-base sector. The base sector is an economic sector that can export goods and services out of the economy. While the non-base sector is the sector or activity of goods and services needed by the community. This theory is based on the theory of location, namely the economic growth of an area will be much determined by the type of location which can then be used the area as an export power. So in determining the development strategy must be adjusted to the advantage of the location owned to increase regional economic growth. This theory has weaknesses in external and internal demand. It will ultimately lead to a very high dependence on market forces nationally and globally. But this theory is very useful for determining the balance between the types of industries and sectors that society needs to develop economic stability.

c. Location Theory

This theory suggests the selection of locations that can minimize costs. The optimum location of an enterprise or industry is generally located or close to the market or source of raw materials. That is, the more appropriate the strategic location selection, the smaller the production cost incurred. There are several variables that affect the quality of a site such as wage labor, energy costs, supplier availability, communications, education and training, the quality of local government and responsibility and sanitation. The limitation of this location theory is that modern technology and communications

have altered the significance of a particular location for the production and distribution of goods.

### 3. Strategy of Regional Economic Potential Development

Strategy of regional economic potential development is the way in which to develop each sectors that aims to expand and improve the ability of sketro in contributing to the formation of GRDP. This system or methods are structured according to the strengths and weaknesses of the sector or region (Musthofa, 2009)

#### Development of Base Sector as Regional Development Strategy

The determination of the base sector becomes important for the regional development planning base in the current era of autonomy, where the regions have the opportunity and authority to make policies in accordance with the regional potential to accelerate regional economic development to improve the welfare of the community.

The benefits of economic development with reference to the leading sector as the acceleration of economic growth. A sector can be categorized as a pre-eminent sector if a sector in a particular region or region is able to compete with the same sector produced by a larger region or region eg in a national territory as well as in a domestic area.

PDRB data can determine the base sectors and see growth in a region or region. The creation of economic activities and welfare in a region through production, exports, and job creation is due to this superior Sector that is able to encourage economic activity and create from superior sectors

## F. METHODOLOGY

### 1. Research Object

This research was conducted in Kebumen district which is one of 29 regencies and 6 cities in Central Java province.

### 2. Data Types

In this research, the data used is secondary data. Secondary data are supporting data obtained from books, magazines, etc.

### 3. Data Sources

Sources of data used in this study are various sources obtained through secondary data derived from the Central Bureau of Statistics of Kebumen District, Central Statistics Agency of East Java, and various other sources such as internet and literature study.

## G. DATA ANALYSIS METHOD

### 1. Location Quotient Analysis (LQ)

Location Quotient analysis is used to determine the economic basis (base sector) in a region, especially from contribution criteria. In addition, this analytical tool can be used to measure the concentration of an activity (industry) in an area with the role of activities or similar industries in the regional and even national economies. The calculation of the base uses regional GRDP variables on an activity within the regional economic structure. The mathematical formula of calculating LQ (Lincoln Arsyad, 1999) as follows:

$$LQ = \frac{v_i / v_t}{V_i / V_t} \dots \dots \dots (3.1)$$

Information :

LQ : Location Quotient coefficient

$V_i$  : sector I revenues in an area

$V_t$  : total revenue of the area

$V_i$  : sector revenue I regionally / nationally



$V_t$  : total regional / national income

Based on the above formula there are three categories from the calculation of Location Quotient (LQ) in the regional economy, namely:

Category 1, if the value of  $LQ > 1$ , then the relevant sector in the study area more contribute than the reference region. That is, the sector in the regional economy in the study area has a comparative advantage and is a base sector.

Category 2, if the LQ value  $< 1$ , the relevant sector in the study area is less contribute than the reference region. That is, the sector is a non-base sector.

Category 3, if the value of  $LQ = 1$ , then the sector concerned both in the study area and in the reference area already has an increase.

The advantages of this LQ are simple analytical tools that can indicate the economic structure of a region and potential import substitution industries or products that can be developed for export and show potential industries (sectoral) to further analyze. There is also a weakness of a descriptive rough indicator, a temporary conclusion and does not pay attention to the economic structure of each region. Given that the production and productivity of labor in each region is different, there are also differences in resources.

## 2. Shift Share Analysis

Shift Share Analysis is a technique in analyzing the economic growth of a region as a change or improvement of an indicator of economic growth of a region or region within a certain period. The method of isolation of various factors causes the change of industrial structure of a region in its growth from one period to the next. (Robinson Tagrin 2007).

According to Lincoln Arsyad (1999) mentioned that this analysis provides data on the performance of the economy in three areas that have to do with each other:

- a. Regional economic growth is measured by analyzing changes in aggregate sectoral work as compared to changes in the same sector in the reference economy.
- b. Proportional shift measures the relative change, change or decrease, in the area compared to the larger economy being made reference.
- c. A differential shift helps in determining the extent of the competitiveness of the local (local) industry with the reference economy. So if the differential shift of an industry is positive, then the industry is superior to its competitiveness compared to the same industry in the reference economy.

In this analysis has a purpose to determine the performance or productivity of regional economic work compared with the economy at the regional or even national level. This technique compares the growth of the national economy and its sectors and observes deviations from the comparison. If the deviation is positive, then a sector within the region has a competitive advantage. The equations and components in Shift Share analysis are as follows:

$$D_{ij} = N_{ij} + M_{ij} + C_{ij} \dots \dots \dots (3.2)$$

In this study the variables used are:

$$D_{ij} = E^*_{ij} - E_{ij} \dots \dots \dots (3.3)$$

$$N_{ij} = E_{ij} \cdot r_n \dots \dots \dots (3.4)$$

$$M_{ij} = E_{ij} (r_{in} - r_n) \dots \dots \dots (3.5)$$

$$C_{ij} = E_{ij} (r_{ij} - r_n) \dots \dots \dots (3.6)$$

Where relative  $r_{ij}$ , representing district growth rate and province growth rate are defined as follows:

$$r_{ij} = \frac{(E^*_{ij} - E_{ij})}{E_{ij}} \dots \dots \dots (3.7)$$

$$r_{in} = \frac{(E_{*ij} - E_{in})}{E_{in}} \dots \dots \dots (3.8)$$

$$r_n = \frac{(E_{*n} - E_n)}{E_n} \dots \dots \dots (3.9)$$

Information :

$E_{ij}$ : sector I income in region j (district)

$E_{in}$ : revenue of sector I in region n (province)

$E_n$ : regional revenue n (province)

$E_{*ij}$ : last year income

$r_{ij}$ : growth rate of sector I in region j (district)

$r_{in}$ : sector growth rate I in region n (province)

$r_n$ : overall growth rate in region n (province)

So the Shift Share equation for sector I in region j (Soepomo, 1993) is as follows:

$$D_{ij} = E_{ij}.r_n + E_{ij}(r_{in} - r_n) + E_{ij}(r_{ij} - r_{in}) \dots \dots \dots (3.10)$$

Information :

$D_{ij}$  : change of sector I output variable in region j

$N_{ij}$  : national economic growth

$M_{ij}$  : industry sector mix I in j

$C_{ij}$  : competitive advantage of sector I in region j

$E_{ij}$  : sector I income in region j

From the above formula, it is known there are 2 indicators of the calculation of shift share in the economy of an area:

If the value of the proportional shift component of sector > 0, then the sector is experiencing rapid growth and give a positive influence to the regional economy, and vice versa.

If the value of the differential shift component of sector < 0, then the comparative advantage of the sector increases in a higher economy, and vice versa.

### 3. Growth Ratio Model Analysis

The MRP analysis is an analytical tool for viewing descriptions of potential economic activities or sectors based on the growth criteria of regional economic structures both external and internal (Yusuf {1999} in Wafiyulloh {2016}).

This model of analysis is derived from the initial equations of the main components in the Shift and Share analysis of Differential Shift and Proportionality Shift. Mathematically Differential Shift can be written as follows:

$$D_{ij} = \left[ \frac{\Delta E_{ij}}{E_{ij}(t)} - \frac{E_{IR}}{E_{IR}(t)} \right] E_{ij}(t) \dots\dots\dots(3.11)$$

And Proportionality Shift can be written mathematically as follows:

$$P_{ij} = \left[ \frac{\Delta E_{IR}}{E_{IR}(t)} - \frac{\Delta E_R}{E_R(t)} \right] E_{ij}(t) \dots\dots\dots(3.12)$$

So from the above equation obtained the formula - the formula of calculation as follows:

$$\Delta E_{IR} = E_{IR}(t + n) - E_{IR}(t) \dots\dots\dots(3.13)$$

$$\Delta E_R = E_R(t + n) - E_R(t) \dots\dots\dots(3.14)$$

Information :

$\Delta E_{ij}$  : change of activity income 1 in study area at time period 1

$\Delta E_{IR}$  : change in activity revenue 1 in the reference area

$\Delta E_R$  : change of GRDP in reference area

$E_{ij}$  : income of activity I in study area (district

$E_{IR}$  : revenue of activity I in reference area (province)

$E_R$  : GRDP in the reference area

t+n : years between two periods

MRP analysis is divided into two ratios, namely: (a) Growth Ratio Study (RPs) and Growth Ratio of Reference Areas (RPr).

a. Growth Ratio of Study Areas (RPs)

RPs is the ratio between the growth rate of activity I study area and the growth rate of activity I in the reference region.

$$RPs = \frac{\Delta E_{ij} / E_{ij}(t)}{\Delta E_{iR} / E_{iR}(t)} \dots\dots\dots(3.15)$$

Information :

$\Delta E_{ij}$  : change in income of activity I study area,

$E_{ij}(t)$  : initial activity income I period of study in the study area,

$\Delta E_{iR}$  : change in revenue of activity I in the reference area

$E_{iR}(t)$  : activity income I beginning of research period in reference region

If the value of  $RPs > 1$  is given a positive notation (+), it means that sector growth at the study area level is higher than the sector growth in the reference region.

If the value of  $Rps < 1$  is given a negative notation (-), it means that sector growth at the study area is lower than the sector growth in the reference region.

b. Reference Growth Rate Reference Area (RPr)

Growth Ratio of Reference Areas is a method of comparison between the rate of growth in revenue of activity I in the reference area with the total growth rate of activity (GRDP) reference region.

$$RPr = \frac{\Delta E_{iR} / E_{iR}(t)}{\Delta ER / ER(t)} \dots\dots\dots(3.16)$$

Information :

$\Delta E_{iR}$  : change in revenue of activity I of reference region

$E_{iR}$  : activity income I beginning of research period in the reference area

$\Delta ER$  : GRDP change in reference area

$ER(t)$  : GRDP at the start of reference research area

change in revenue of activity I of reference region

If the value of  $RPr > 1$  is given a positive notation (+), it means that the growth of a particular sector in the reference region is higher than the total GDP growth of the reference region.

If the value of  $RPr < 1$  is given a negative notation (-), it means that the growth of a certain sector in the reference region is less than the total GDP growth of the reference region.

In the Growth Ratio Model (MRP) analysis, it can be classified into four classifications:

Classification 1, if the value of  $RPr (+)$  and  $RP_s (+)$  means that the activity at the provincial level has outstanding growth as well as at the district level. So this activity is called the dominant growth.

Classification 2, if the value of  $RPr (+)$  and  $RP_s (-)$  means that the activity at the provincial level has a prominent growth but at the district level is not yet prominent.

Classification 3, if the value of  $RPr (-)$  and  $RP_s (+)$  means that the activity at the provincial level has growth that is not outstanding but at the district level is already prominent.

Classification 4, if the value of  $RPr (-)$  and  $RP_s (-)$  means that the activities at the provincial and district levels have no significant growth at all.

#### 4. Overlay Analysis

This Overlay analysis is used to determine potential sectors or economic activities based on growth criteria and contribution criteria by combining the results of the Growth Method (MRP) and Location Quotient (LQ). There are four possibilities or judgments in this method, namely:

If the  $RP_s (+)$  and  $LQ (+)$ , indicate that the activity is very dominant both from growth and from contribution.

If RPs (+) and LQ (-), indicate that the activity is good growth, but the contribution is small. Thus, there needs to be an increase in contribution to become the dominant activity.

If RPs (-) and LQ (+), indicate that the activity is small growth, while the contribution is very large. It is possible that this activity is in decline.

If RPs (-) and LQ (-), indicate that the activity is not potential either from growth or from its contribution.

#### 5. Klassen Typology Analysis

Klassen Typology analysis tool is used to know the description of the pattern and structure of economic growth of each region. Klassen typology basically divides the region based on two main indicators, namely regional economic growth and regional per capita income. Through this analysis, there are four characteristics of different poles and economic growth structures: high growth and high income, high income but low growth, high growth but low income, low growth and low income areas. (Kuncoro and Aswandi, 2002: 27-45).

The criteria used to divide the district / city in this research are as follows:

- a. Fast-forward and fast-growing areas, regions have higher levels of economic growth and income per capita than the average Central Java Province
- b. Developed but Depressed Areas, regions with higher per capita income, but their economic growth rate is lower than the average of Central Java province.
- c. Fast growing areas, areas with high growth rates, but per capita income levels are lower in average abnding Central Java Province.
- d. Relatively lagging regions are regions that have lower economic growth and per capita income than the average of Central Java Province.

## 6. SWOT Analysis

SWOT analysis is used to direct and act as a catalyst in strategic planning process and can align factors from internal and external environment. This analysis is done by focusing on two things, namely opportunities and threats as well as identification of internal strengths and weaknesses. In addition, this analysis is based on the assumption that an effective strategy will maximize strengths and opportunities and diminish weaknesses and threats. (Perce and Robinson in Muhammad Ghufron, 2008).

SWOT elements include S (strength) which means referring to competitive advantage and other competencies, W (weakness) ie barriers that limit the choices on strategy development, O (opportunity) that provides favorable conditions or opportunities that restrict the barrier and T (threat) associated with the conditions that can hinder or threaten in achieving the goal. This matrix can generate four possible alternative strategy cells, namely S-O strategy, W-O strategy, W-T strategy, and S-T strategy. There are eight stages in forming SWOT matrix that is:

- a. Create a list of the region's key internal strengths.
- b. Make a list of the internal key weaknesses of the region.
- c. Create a list of regional external opportunities.
- d. Create a list of external threat areas.
- e. Adjust internal forces with external opportunities and record results in the S-O strategy cell.
- f. Adjust internal weaknesses with external opportunities and record results in a W-O strategy cell
- g. Adjust internal forces with external threats and record results in the S-T strategy cell.
- h. Adjust internal weaknesses with external threats and record results in the W-T strategy cell



### Matrix of SWOT

Internal Eksternal	STRENGTH (S) List of Internal Strength	WEAKNESS (S) List of Internal Weakness
OPPORTUNITIES (O) List of External Opportunities	S-O Strategy Use strength to utilize opportunities	W-O Strategy Overcoming weakness with utilizing opportunities
THREATS (T) List of External Threats	S-T Strategy Use strength to evade threats	W-T Strategy Minimize weakness and evade threats

*Source : Muhammad Ghufron (2008)*

Developed but distressed regions are areas with higher per capita incomes, but their economic growth rates are lower than average. Fast growing areas are areas with growth rates, but per capita rates are lower than average. Relatively lagged regions are regions that have low levels of economic growth and per capita income.

### Classification of GDP Sector by Klassen Typology

r	y	$y_i > y$	$y_i < y$
$r_i > r$		Sector is progressing and growing fast	Sector is growing fast
$r_i < r$		Sector advanced but depressed	The sector is relatively left behind

*Source : Sjafrizal, 1997*

Information :

- $r_i$  : sector growth rate I
- $r$  : GDP growth rate
- $y_i$  : contribution of sector I to GRDP
- $y$  : contribution of sector average to GRDP

## H. FINDING

No	Category	Year	Period	Information
1	<b>Analysis Location Quatient</b>			
	<i>A. Base Sector</i>			
	1. Agriculture, Forestry and Fisheries	2012-2015	5 Year	Base Sector
	2. Mining and excavation	2012-2015	5 Year	Base Sector
	3. Large and Retail Trade; Car and Motorcycle Repair	2012-2015	5 Year	Base Sector
	4. Transportation and Warehousing	2012-2015	5 Year	Base Sector
	5. Financial Services and Insurance	2012-2015	5 Year	Base Sector
	6. Administration of Government, Defense and Social Security	2012-2015	5 Year	Base Sector
	7. Educational Services	2012-2015	5 Year	Base Sector
	8. Health Services and Social Activities	2012-2015	5 Year	Base Sector
	9. Other Services	2012-2015	5 Year	Base Sector
	<i>B. Non-Base Sector</i>			
	1. Processing industry	2012-2015	5 Year	Non-Base Sector
	2. Procurement of electricity and Gas	2012-2015	5 Year	Non-Base Sector
	3. Water Supply, Waste Management, Waste, and Recycling	2012-2015	5 Year	Non-Base Sector
	4. Construction	2012-2015	5 Year	Non-Base Sector
	5. Provision of Accommodation and Drinking	2012-2015	5 Year	Non-Base Sector
	6. Information and Communication	2012-2015	5 Year	Non-Base Sector
	7. <i>Real Estat</i>	2012-2015	5 Year	Non-Base Sector
	8. Company Services	2012-2015	5 Year	Non-Base Sector
2	<b>Growth Ratio Model Analysis</b>			
	<i>A. positive RPr value (+) and positive RPs value (+)</i>		<b>RPr</b>	<b>RPs</b>
	1. Procurement of electricity and Gas	2012-2016	1,2	1,19
	2. Construction	2012-2016	1,27	1,05
	3. Transportation and Warehousing	2012-2016	1,42	1,63
	4. Provision of Accommodation and Drinking	2012-2016	1,11	1,22
	5. Information and Communication	2012-2016	1,32	1,96
	6. Company Services	2012-2016	1,81	1,98
	7. Educational Services	2012-2016	1,09	1,69
	8. Health Services and Social Activities	2012-2016	1,08	1,74
	9. Other Services	2012-2016	1,21	1,44
	<i>B. positive RPr (+) and negative RPs (-) values</i>			
	1. Processing industry	2012-2016	1,8	0,99
	2. Large and Retail Trade; Car and Motorcycle Repair	2012-2016	1,39	0,87

	3. Mandatory Administration of Government, Defense and Social Security	2012-2016	1,17	0,5
	<i>C. negative RPr value (-) and positive RPs value (+)</i>		<b>MRP (RPs)</b>	<b>LQ</b>
	1. Mining and excavation	2012-2016	0,33	1,69
	2. Financial Services and Insurance	2012-2016	0,8	1,23
	3. <i>Real Estat</i>	2012-2016	0,9	1,43
	<i>D. negative RPr (-) and negative RPs (-)</i>			
	1. Agriculture, Forestry and Fisheries	2012-2016	-0,14	0,4
	2. Water Supply, Waste Management, Waste, and Recycling	2012-2016	0,46	0,34
3	Analysis Overlay			
	<i>A. Growth (+) and contribution (+)</i>			
	1. Mining and excavation	2012-2016	1,69	2,305
	2. Transportation and Warehousing	2012-2016	1,63	1,268
	3. Financial Services and Insurance	2012-2016	1,23	1,058
	4. Health Services and Social Activities	2012-2016	1,69	2,203
	5. Other Services	2012-2016	1,74	1,346
	<i>B. Growth (+) and contribution (-)</i>			
	1. Procurement of electricity and Gas	2012-2016	1,19	0,661
	2. Construction	2012-2016	1,05	0,700
	3. Provision of Accommodation and Drinking	2012-2016	1,22	0,680
	4. Information and Communication	2012-2016	1,96	0,556
	5. <i>Real Estat</i>	2012-2016	1,43	0,803
	6. Company Services	2012-2016	1,98	0,903
	<i>C. Growth (-) and contribution (+)</i>			
	1. Agriculture, Forestry and Fisheries	2012-2016	0,4	1,805
	2. Large and Retail Trade; Car and Motorcycle Repair	2012-2016	0,87	1,100
	3. Educational Services	2012-2016	0,5	1,247
	<i>D. Growth (-) and contribution (-)</i>			
	1. Processing industry	2012-2016	0,99	0,524
	2. Water Supply, Waste Management, Waste, and Recycling	2012-2016	0,34	0,837
4	Klassen Typology	2012-2016	5 Year	
	<i>A. Kebumen Regency in 2012</i>	2012	1 Year	Underdevelop
	<i>B. Kebumen Regency in 2013</i>	2013	1 Year	Underdevelop
	<i>C. Kebumen Regency in 2014</i>	2014	1 Year	Developing
	<i>D. Kebumen Regency in 2015</i>	2015	1 Year	Developing
	<i>E. Kebumen Regency in 2016</i>	2016	1 Year	Underdevelop

Source: BPS Data (Processed)

## I. CONCLUSION AND RECOMMENDATION

By using some alternative analysis, it can be seen that the economic sectors that become the leading sectors in economic development in Kebumen Regency are:

1. Based on the result of Location Quotient (LQ) analysis in Kebumen District during 2012-2016, it is shown that sectors with  $LQ > 1$  value are Agriculture, Forestry and Fishery sector, Mining and Quarrying sector, Construction sector, Large and Retail Trade sector; Repair of Cars and Motorcycles, Transport and Warehousing sectors, Financial and Insurance Services sectors, Government Administration, Defense and Social Security Sector, Education Services, Healthcare and Social Services, and Other Services sectors are the leading and competitive sectors. Thus, the government needs to do well to be developed as a leading sector in the regional economy in Kebumen District.
2. Based on the results of Shift Share analysis in Kebumen District during 2013-2015 shows that the overall component national growth (Nij) fluctuates from 2013 to 2015. The growth of the industry mix component (Mij) as a whole has increased with negative values from 2013 to 2015, which means the growth of the economic sector has been slowing down. Recorded almost all sectors that do not have a positive value to PDRB Kebumen regency. Competitive advantage component growth (Cij) as a whole has increased with a positive value from 2013 to 2015, meaning that the economic sector has competitiveness. It is noted that almost all sectors have positive values for GRDP, except for Mining and Quarrying, Processing Industry, and Water Supply, Waste Management, Waste and Recycling sectors. The growth of the regional growth component (Dij) as a whole has fluctuated with positive values from 2013 to 2015, which means faster sector revenue growth.

3. Based on the analysis of the Growth Ratio Model (MRP) model shows that in Kebumen District during 2012-2016, Electricity and Gas Procurement sector, Construction sector, Transportation and Warehouse sector, Accommodation and Drinking Service sector, Information and Communication sector, , Education Services sector, Healthcare and Social Services sector and Other Services sector is a prominent economic sector both in Kebumen District and in Central Java Province where this qualification is referred to as the dominant growth. Economic sector activities that are included in the qualification of economic sectors that are prominent in Central Java but not yet prominent in Kebumen Regency are Manufacturing Industry sector, Large and Retail Trade sector; Car and Motorcycle Repair and Government Administration, Defense and Social Security sectors are required. The economic sector activities that are not included in the economic sector are not outstanding at the level of Central Java Province but at the Kebumen regency level already stands out are the Mining and Quarrying sectors, the Financial Services and Insurance sector, the sector, the Real Estate sector. Then for the economic sector activities included in the qualification of economic sector at Central Java Province level and at Kebumen regency level have low growth of Agriculture, Forestry and Fishery Sector, and Water Procurement, Waste Processing, Waste and Recycling.
4. Based on the results of Overlay analysis shows that during 2011 to 2015 which is the dominant or dominant sector in Kebumen Regency are Mining and Quarrying sector, Transportation and Warehousing Sector sector, Financial and Insurance Services sector, Financial Services and Insurance, Health Services sector and Social Activities and Other Services sector, due to the growth as well as from the very large contribution to GRDP formation and development in Kebumen District. For the sectors of Supply of Electricity and Gas, Sector of Accommodation and Drinking Supply, Inflation and Communications

sector, Real Estate sector, Service sector of Company need to be improved and developed to become dominant sector, because its growth is dominant but its contribution is small. While the sectors that experienced a decrease due to the small growth but its contribution is very big that is Agriculture, Forestry and Fishery sector, Large and Retail Trade sector; Car and Motorcycle Repair, Education Services sector. Sectors that are not potential sectors either from growth criteria or its contribution are Processing Industry, Water Supply, Waste Processing, Waste, and Recycle sector.

5. Based on the results of Klassen Typology analysis indicating that Kebumen regency in 2012, 2013 and 2016 categorized as underdeveloped, meanwhile in 2014 and 2015 categorized as Developing.
6. Based on the results of SWOT analysis, the strategies that can be developed as economic development strategies are more directed to (i) Improving the regional economy by optimizing the potential for community base and empowerment, (ii) Improving the quality of health, education and other basic social services, (iii ) Increasing the availability of infrastructure development by taking into account environmental sustainability, and (iv) Improving economic competitiveness.

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